

KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2000

NOTE 8 - LONG TERM OBLIGATIONS

General long-term debt arises from commitments that are not current liabilities because they do not require the use of current financial resources. The Housing Authority owes on a variety of notes and bonds.

Proprietary Fund Types: Enterprise Funds Long-Term Debt

Bonds and Notes The proprietary fund types report long-term debt as liabilities on their respective financial statements. The following are schedules of outstanding bonds and notes as of June 30, 2000 for the Enterprise Funds:

Description of Note	Loan Date	Maturity Date	Interest Rate	Original Amount	Outstanding June 30
U.S.D.A.-RD Mortgage-Fjord Manor	1-Aug-88	19-Aug-38	8.50%	1,348,604	1,314,570
U.S.D.A.-RD Mortgage-Fjord Manor	19-Aug-88	19-Aug-38	9.50%	30,840	30,375
Kitsap County	28-Jul-99	1-Jul-19	5.26%	1,490,000	1,490,000
State of Washington-Mobile Home Park	4-Sep-96	31-Dec-46	1.00%	1,800,000	1,715,391
U.S.D.A.-RD Mortgage-Rhododendron	30-May-96	1-Jul-29	6.75%	571,558	549,936
First National Bank Of Port Orchard - Lippert Property	10-Aug-94	10-Jan-15	One Year Treasury Bill Rate at November 10th	82,900	69,816
Edward Baker - Skylark Property	3-Jul-71	3-Jul-42	5.996%	12,900	6,174
Seasons Mortgage Group - Fjord Vista Condo	1-Jun-98	1-Jun-28	7.00%	65,895	64,446
Bank of America - Vehicle	1-Jan-94	1-Feb-00	6.625%	14,999	1,392
Bank of America - Vehicle	1-Feb-97	1-Jan-02	6.75%	13,993	4,595
Key Bank - Vehicles	8-Apr-98	8-Apr-01	8.00%	14,788	4,420
State of Washington - Vehicle 1998 Sonoma	1-Dec-98	1-Dec-03	4.10%	9,922	7,133
State of Washington - Vehicle 1998 Ranger	1-Dec-98	1-Dec-03	4.10%	18,297	13,153
State of Washington - Vehicle 1998 Sonoma	1-Dec-98	1-Dec-03	4.10%	10,798	7,762
State of Washington - Office Equipment	1-Aug-99	1-Jun-02	5.26%	51,871	35,308
Key Bank	1-Jan-00	1-Dec-09	7.32%	1,040,000	1,029,054
					\$ 6,343,524
Total Notes Payable					\$ 6,343,524
Less: Amounts Due Within One Year					(143,231)
					\$ 6,200,293

WASHP COUNTY CONSOLIDATED HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2000

NOTE 8 - LONG TERM OBLIGATIONS (Continued)

Revenue Bonds-Name of Issue	Issuance Date	Maturity Date	Effective Interest Rate	Bond Issuance	Bonds Outstanding June 30
Pooled Housing Refunding, Series A Kingston Ridge, Park Place, Treetops I, Tree tops II, Port Orchard Valley	1-Apr-98	1-Dec-28	5.73%	\$ 26,335,000	\$ 25,775,000
Viking's Crest	15-May-94	15-May-24	6.22%	6,800,000	3,950,000
Poulsbo Community Refunding	18-Apr-96	1-Apr-16	6.28%	1,020,000	890,000
Rhododendron	24-May-96	1-Jun-26	6.73%	1,265,000	1,195,000
				\$ 35,420,000	\$ 31,810,000
Total Face Value of Revenue Bonds					\$ 31,810,000
Less: Bond Discount					(667,094)
Less: Deferred Costs on Refunding					(2,068,704)
Less: Revenue Bonds Due Within One Year					(535,000)
					\$ 28,539,202

Government Fund Types: General Long-Term Debt

Bonds and Notes The government fund types report long-term debt entity wide in the General Long Term Debt Account Group. The following are schedules of outstanding bonds and notes as of June 30, 2000 residing in the General and Special Revenue Funds:

Description of Note	Loan Date	Maturity Date	Interest Rate	Original Amount	Balance Outstanding June 30
Key Bank - Line of Credit	15-Jan-97	1-Dec-99	Variable, Based on Prime Rate	Not to Exceed \$5,000,000	\$ 5,000,000
Bank of America - Line of Credit	22-Dec-99	22-Dec-02	Variable, Based on Prime Rate	Not to Exceed \$6,500,000	50,000
Department of Retirement Systems	1-Sep-89	30-Aug-04	0.00%	96,028	15,690
Bank of America - Golden Tides II	26-Jul-95	1-Jul-25	8.50%	225,000	216,698
					\$ 5,282,388
Total Notes Payable					\$ 5,282,388
Less: Current Portion					6,291
					\$ 5,276,097

KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2000

NOTE 8 - LONG TERM OBLIGATIONS (Continued)

Line of Credit The Line of Credit with Key Bank consists of two notes, one taxable and one tax-exempt. The combined aggregate outstanding balance may not exceed \$5,000,000. The interest rate is tiered and varies from 56.2% to 89.5% of the Prime Rate. The first \$3,000,000 of the note is guaranteed by Kitsap County. Note proceeds which are subsequently reimbursed as a result of the sale of property or repayment of loans by housing authority clients must be repaid immediately and applied to the line credit.

The Line of Credit with the Bank of America is a tax-exempt note that may be used for urban redevelopment projects approved by the bank on a project by project basis, and may not exceed \$6,500,000. The interest rate is 57% of the Prime Rate.

Proprietary Fund Types: Component Units Long-Term Debt

Bonds and Notes The proprietary fund types report long-term debt as liabilities on their respective financial statements. The following are schedules of outstanding bonds and notes as of December 31, 1999 for the Component Units:

Description of Note	Loan Date	Maturity Date	Interest Rate	Original Amount	Balance Outstanding December 31
Kitsap County, HOME Investment Partnership Program - Golden Tides II	24-Oct-94	30-Jun-46	1.00%	\$ 300,000	\$ 300,000
Washington State Department of Community Development, HOME Investment Partnership Program - Golden Tides II	7-Aug-95	30-Jun-46	1.00%	1,354,136	1,354,136
Kitsap County, HOME Investment Partnership Program - 19th Hole Limited Partnership	6-Oct-97	31-Dec-46	1.00%	350,000	350,000
Washington State Department of Community Development, Housing Trust Fund - 19th Hole Limited Partnership	19-Sep-96	31-Dec-46	1.00%	1,200,000	1,200,000
Key Bank	31-Dec-99	31-Dec-14	7.48%	185,000	185,000
Kitsap County, HOME Investment Partnership Program - Dyes Inlet Limited Partnership	2-Nov-98	31-Dec-48	1.00%	300,000	300,000
Washington State Department of Community Development, HOME Investment Partnership Program - Dyes Inlet Limited Partnership	31-Mar-99	31-Dec-49	1.00%	273,461	273,461
Washington State Department of Community Development, Housing Trust Fund - Dyes Inlet Limited Partnership	31-Mar-99	31-Dec-49	1.00%	305,793	305,793
					\$ 4,268,390
Total Face Value of Notes					\$ 4,268,390
Less: Notes Due Within One Year					(6,362)
					\$ 4,262,028

**KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2000**

NOTE 8 - LONG TERM OBLIGATIONS (Continued)

Revenue Bonds-Name of Issue	Issuance Date	Maturity Date	Effective Interest Rate	Bond Issuance	Bonds Outstanding December 31
19th Hole Limited Partnership - Madrona Manor	18-Nov-97	1-Dec-17	8.25%	\$ 190,000	\$ 186,850
				\$ 190,000	\$ 186,850
Total Face Value of Revenue Bonds					\$ 186,850
Less: Revenue Bonds Due Within One Year					(1,780)
					\$ 185,070

Arbitrage The Housing Authority periodically monitors for the existence of any rebatable arbitrage interest associated with its tax-exempt debt. The rebate is based on the differential between the interest earnings from the investment of bond proceeds as compared to the interest expense associated with the respective bonds. As of June 30, 2000, the Housing authority estimates that no arbitrage rebate exists in conjunction with its debt reserve funds, and therefore no liability exists.

Aggregate Annual Principle Payments on Bonds and Notes

Aggregate annual principal payments on revenue bonds and notes outstanding at June 30, 2000 are as follows:

Enterprise Fund			
Year Ending June 30	Revenue Bonds	Notes	Total
2001	\$ 535,000	\$ 143,231	\$ 678,231
2002	560,000	143,732	703,732
2003	590,000	127,545	717,545
2004	625,000	131,813	756,813
2005	560,000	131,056	691,056
2006	585,000	139,796	724,796
2007	615,000	142,779	757,779
Thereafter	27,740,000	5,383,572	33,123,572
TOTAL	\$ 31,810,000	\$ 6,343,524	\$ 38,153,524

**KITSAP COUNTY CONSOLIDATED HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2000**

NOTE 8 - LONG TERM OBLIGATIONS (Continued)

Year Ending December 31	Component Units		
	Revenue Bonds	Notes	Total
2000	\$ 1,780	\$ 6,362	\$ 8,142
2001	1,933	7,588	9,521
2002	2,098	8,175	10,273
2003	2,278	8,808	11,086
2004	2,473	9,490	11,963
2005	2,685	10,225	12,910
2006	2,915	11,017	13,932
Thereafter	170,688	4,206,725	4,377,413
TOTAL	\$ 186,850	\$ 4,268,390	\$ 4,455,240

NOTE 9 - BONDS RETIRED

On August 1, 1996, the Housing Authority issued \$1,455,000 in Revenue Bonds for the Orchard Bluff Mobile Home (Orchard Bluff) Project. Kitsap County guaranteed the bonds, for which the Housing Authority paid a fee of \$100,000. The agreements with the County contained a provision for the County to issue bonds for the purpose of refunding the bonds issued by the Housing Authority if interest rates became such that present value savings would result from the issuance of the new bonds. On July 15, 1999 the County issued bonds in the amount of \$10,680,000, in part for the purpose of loaning to money to the Housing Authority to pay off the Orchard Bluff Project bonds. The Housing Authority received \$1,490,000 from the County to retire the remaining \$1,415,000 bonds outstanding, of which \$1,459,441 was placed in escrow with a trustee to provide for all future debt service payments, legally defeasing the Orchard Bluff bonds. The remainder of the proceeds were used to pay issue costs and other expenses related to the retirement of the bond issue. Accordingly, neither the assets of the respective trust accounts nor the liabilities for the defeased bonds are reflected in the Housing Authority's financial statements. Funds held in escrow at June 30, 2000 will be sufficient to service and redeem the defeased bonds.

NOTE 10 – CONDUIT FINANCING

The Housing Authority is authorized to facilitate the issuance of tax-exempt nonrecourse revenue bonds to finance housing projects. Revenue bonds issued by the Housing Authority are payable from revenues derived as a result of the project activities funded by the revenue bonds. The bonds are not a liability or contingent liability of the Authority or a lien on any of its properties or revenues other than for the project for which they are issued. The outstanding revenue bonds are not recorded in the Housing Authority's financial statements, as they represent conduit debt obligations under GASB Interpretation No. 2.